

## Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CIAE-00 COME-00 INR-10 LAB-06

NSAE-00 PA-04 RSC-01 SIL-01 USIA-15 PRS-01 NSC-10

DODE-00 SPC-03 NIC-01 DRC-01 /076 W

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R 200115Z OCT 73

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 8506

INFO AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

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E.O. 11652: N/A

TAGS: ETRD CH

SUBJECT: CANTON FAIR OFFICIAL COMMENTS ON THE FAIR AND  
PRC FOREIGN TRADE

REF: HK 10591

SUMMARY: FOLLOWING THE OPENING OF THIS FALL'S CANTON  
TRADE FAIR OCT. 15, A FAIR OFFICIAL HAS ESTIMATED U.S.  
ATTENDANCE WILL BE ABOUT THE SAME LEVEL AS THE 1973 SPRING  
FAIR. CHINESE PRICES HAD BEEN RAISED SUBSTANTIALLY LAST  
SPRING AND WOULD NOW STAY AT WORLD MARKET LEVELS. THE  
PURCHASE OF COMPLETE INDUSTRIAL PLANTS ON DEFERRED PAY-  
MENTS (CREDITS) WAS NOT A NEW DEPARTURE BUT A CONTINUATION  
OF NORMAL CHINESE TRADING PRACTICE. END SUMMARY

1. SUN FANG, DEPUTY SECRETARY GENERAL OF THE CANTON TRADE  
FAIR, MADE THE FOLLOWING POINTS IN PRIVATE INTERVIEWS  
WITH TWO AMERICAN REPORTERS FOLLOWING THE OPENING OF  
THE FAIR ON OCT. 15 (REFTEL. FANG IS ALSO A DEPUTY  
CHAIRMAN OF THE CHINA COUNCIL FOR THE PROMOTION OF INTER-  
NATIONAL TRADE.

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2. U.S. PARTICIPATION -- IN GENERAL ABOUT THE SAME NUMBER OF U.S. BUSINESSMEN WOULD ATTEND THIS FAIR AS PARTICIPATED IN THE 1973 SPRING FAIR. THERE WERE, HOWEVER, MORE AMERICAN BUSINESSMEN PRESENT FOR THE OPENING DAY OF THE FAIR THAN THERE HAD BEEN IN THE SPRING. (WE ESTIMATE THAT 150 AMERICANS REPRESENTING APPROXIMATELY 100 FIRMS ATTENDED THE SPRING FAIR; HK A-201, A-221).

3. PRICES -- THE MAJOR ADJUSTMENT WHICH BROUGHT CHINESE PRICES UP TO WORLD MARKET LEVELS WAS MADE AT THE SPRING FAIR. THE REASON FOR THE CHANGE WAS PARTLY THAT CHINA HAD TO PAY MORE FOR ITS IMPORTS AND PARTLY THAT WORLD MARKET PRICES WERE UP. AT THIS FAIR RELATIVELY SMALLER ADJUSTMENTS WOULD BE MADE IN ORDER TO STAY WITH THE WORLD MARKET. CHINESE PRICES WILL NOW GENERALLY FOLLOW WORLD MARKET LEVELS.

4. FOREIGN TRADE -- THE RECENT EXPANSION IN CHINA'S FOREIGN TRADE DOES NOT MEAN THAT THE PRC HAS GIVEN UP ITS IDEALS OF INDEPENDENCE AND SELF RELIANCE. FOREIGN TRADE IS A SUBSIDIARY OF THESE IDEALS. CHINA WILL CONTINUE TO BUY EQUIPMENT AND TECHNOLOGY BUT NOT AT THE EXPENSE OF SELF RELIANCE. THE RECENT LARGE SCALE PURCHASES OF COMPLETE INDUSTRIAL PLANTS ON DEFERRED PAYMENTS (CREDITS) IS NOT A DEPARTURE FROM PAST POLICY BUT THE CONTINUATION OF NORMAL CHINESE TRADING PRACTICE.

5. THIS INFORMATION WAS PROVIDED BY THE REPORTERS TO USG OFFS AT THE FAIR ON THE UNDERSTANDING IT WOULD BE HELD WITHIN THE USG PRIOR TO PUBLICATION.  
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